VANACKER EXHIBIT A

FINAL

Exhibit A

Bid Terms

Seller	NC Capital Corporation
Pool Amount	Approximately $163,500,000 in Fixed Rate Mortgage Loans and $836,500,000 in Adjustable Rate Mortgage Loans
Pool Parameters	The parameters of the Mortgage Loans shall be as described below. (All concentration percentages reflect the principal balance and not the Mortgage Loan count)
Settlement Months of Deliveries for Bid Terms	July 2006
Gross Weighted Average Coupon	The weighted average gross coupon on the Mortgage Loans is no less than 8.50% with respect to the Mortgage Loans
Gross Weighted Average Margin – ARMs Only	No less than 6.215%
% of ARMs v Fixed (includes 2nd lien loans)	No less than 83.65% of Mortgage Loans shall be ARMs. No more than 16.35% shall be Fixed Rate.
Aggregate Combined Interest Only & 40/30 product Delivery Composition	No more than 60.00%
▪ **Interest Only Loans**	No more than 16.00% of Mortgage Loans
▪ **40/30 product**	No more than 44.00% of Mortgage Loans
Minimum Balance 1st Lien Only	$30,000 minimum unpaid principal balance
Weighted Average Seasoning	No more than 0.1 months.
Weighted Average Maturity (Months) ARMs	Approximately 359.9 months
Weighted Average Maturity (Months) Fixed Rate Loans	Approximately 351.8 months

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▪ **Weighted Average FICO**	No less than 621
▪ **FICO<=525**	No more than 5.79%
▪ **FICO<=550**	No more than 12.21%
▪ **FICO <= 600**	No more than 34.85%
▪ **Prepayment Penalty (Hard) Total**	All Mortgage Loans with prepayment penalties contain hard prepayment penalty provisions.
▪ **Prepayment Penalty**	No less than 68.95%
▪ **Prepayment Penalty with 5 year term**	No less than bid tape
▪ **Prepayment Penalty with 3 year term**	No less than 8.42%
▪ **Prepayment Penalty with 2 year term**	No less than 54.12%
▪ **Prepayment Penalty with 1 year term**	No less than 6.41%
▪ **Weighted Average Original LTV**	No more than 76.70%
▪ **Weighted Average Combined Original**	No more than 81.36%
▪ **2nd Liens (must accompany 1sts - no standalone 2nds)**	The Mortgage Loans shall consist of no more than 5.60% second lien collateral and no second lien Mortgage Loan shall have a CLTV more than 100%.
▪ **Silent Seconds**	No more than 28.55%
▪ **Simultaneous Seconds**	No more than 27.00%
▪ **Loans w/ Combined Original LTV > 80%**	No more than 42.02%
▪ **Loans w/ Combined Original LTV > 90%**	No more than 13.21%
▪ **Loans w/ Combined Original LTV > 95%**	No more than 6.49%
▪ **Full Documentation Loans**	No less than 49.68% of Mortgage Loans shall be Full Documentation
▪ **Stated Documentation Loans**	No more than 48.56% of Mortgage Loans shall be Stated Documentation
▪ **Limited Documentation**	No more than 1.76% of Mortgage Loans shall be Limited Documentation

Loans	
▪ **Purchase Money Loans**	No less than 41.99%
▪ **Cash-Out Refinance Loans**	No more than 50.09%
▪ **Refinance –Rate Term Loans**	No more than 7.91%
▪ **Credit Grades: AA**	No less than 77.21%
▪ **Credit Grades: A+**	No less than 10.78%
▪ **Credit Grades: A-**	No more than 5.08%
▪ **Credit Grades: B**	No more than 3.66%
▪ **Credit Grades: C**	No more than 2.98%
▪ **Credit Grades: C-**	No more than 0.29%
▪ **Owner Occupied Primary**	No less than 90.39% of Mortgage Loans shall be Primary Owner Occupied dwellings
▪ **Investment Property/2nd Home**	No more than 9.61% of Mortgage Loans shall be an Investment Property/2nd Home
▪ **Geographic concentration**	No more than 34.51% of the mortgaged property shall be located in the State of California
▪ **Alabama Loans**	▪ No more than 0.46%. No loans originated prior to August 25, 2005. Any loan originated between August 26, 2005 and prior to October 1, 2005 will require a verbal verification of employment and a certified appraisal dated on or after October 1, 2005.
▪ **Louisiana Loans**	▪ No more than 0.11%. No loans originated prior to August 25, 2005. Any loan originated between August 26, 2005 and prior to October 1, 2005 will require a verbal verification of employment and a certified appraisal dated on or after October 1, 2005.
▪ **Mississippi Loans**	▪ No more than 0.18%. No loans originated prior to August 25, 2005. Any loan originated between August 26, 2005 and prior to October 1, 2005 will require a verbal verification of employment and a certified appraisal dated on or after October 1, 2005.
▪ **Property Types: Single Family**	No less than 72.40% of Mortgage Loans shall be Single Family dwellings
▪ **Property Types: 2-4 Family**	No more than 8.38% of Mortgage Loans shall be 2-4 Family dwellings

▪ **Manufactured Housing Loans**	None
▪ **Home Improvement Loans**	None
▪ **No Adverse Selection:**	The pool has not been adversely selected. No loan has been previously offered for sale to another entity that constitutes a broker dealer registered with the Commission under Section 15 of the Exchange Act.
▪ **Servicing:**	Seller or its affiliates is the sole servicer of all Mortgage Loans. Remittance will be on the 18th of each month. Remittance reports shall be delivered to the Purchaser on the 10th day of each month covering the activity of the preceding calendar month in hard copy and electronic format. The servicing fee will be 50 basis points annually. Principal and interest advances will be made by the Seller or its successors or assigns. Compensating interest will be paid by the Seller or its successors or assigns for full and partial prepayments up to the servicing fee. Any prepayment penalty collected will be remitted to Morgan Stanley. Late fees and other ancillary fees shall be retained by the servicer. Prepayment penalty fees will not be waived. Such amounts will be deposited into the custodial account and remitted to Morgan Stanley with the regular remittance on the 18th. Each mortgage loan shall have a tax service contract. If Morgan Stanley or any of its successors or assigns terminates Seller or its successors or assigns as servicer or if Morgan Stanley purchases the servicing rights from the Seller, Seller will transfer the tax service contracts at no cost. Morgan Stanley or any of its successors or assigns will make all decisions regarding defaulted Mortgage Loans. In the event Morgan Stanley securitizes the Mortgage Loans, Morgan Stanley or a third party will be responsible for performing all REMIC reporting and tax payment at no cost to the Seller.
▪ **Premium Protection:**	Seller will reimburse the amount paid over par for all loans without prepayment penalties that prepay in full for a period of 3 months. This premium protection will be assignable. This premium protection will terminate in the event Morgan Stanley securitizes the Mortgage Loans.
▪ **Repurchase for Breach of Representations and Warranties:**	On any mortgage loan that has been repurchased by Seller for a breach of a representations or warranty, Seller shall pay Morgan Stanley the purchase price plus accrued interest for the first year after the closing date. Thereafter, Seller shall pay par plus 11/12 of the premium plus accrued interest for the next month, 10/12 for the month after that until such scale reaches par. This premium protection shall be assignable. In the event Morgan Stanley securitizes the Mortgage Loans, repurchase for breach of representation or warranty will be at par plus accrued interest (no premium).
▪ **Section 32 Loans:**	None of the Mortgage Loans are "High Rate, High Cost" loans (commonly known as Section 32 loans) according to Regulation Z of the Truth and

Lending Act.

▪ **Due Dates:**	None of the Mortgage Loans shall have dues dates other than the first of the month.
▪ **Interest:**	All loans shall pay interest in arrears and shall not be calculated on a simple interest basis.
Pair-off fee:	On each Closing Date, in the event that the Seller delivers the Mortgage Loans with an unpaid principal balance that is less than $900,000,000 the Seller shall pay the Purchaser a pair-off for the difference between the actual amount delivered and $900,000,000. Such a pair-off fee shall be equal to any decrease in basis points on the yield of the 2-year USSWAPS rate from the trade date to each Closing Date times the product of 2 and the difference between the actual amount delivered and $900,000,000.
Securitization:	In the event Morgan Stanley exits the loans through a securitization, Seller agrees to cooperate fully with any third party insurer, monitor or master servicer, as deemed appropriate in the securitization, and in any servicing transfer at no cost to Morgan Stanley or any other third party. The Seller will also agree that it will, in the event the Purchaser securitizes the Mortgage Loans, (i) provide necessary disclosure, including, without limitation, disclosure regarding the Seller's company, portfolio performance, and underwriting procedures, (ii) restate on the date of any securitization the representations and warranties regarding itself and the individual mortgage loans with such modifications as are necessary to reflect events occurring between the closing date and the reconstitution date but only if the date of securitization is within 6 months of the settlement of Morgan Stanley's final purchase of the loans from the Seller, and (iii) jointly and severally with any affiliate thereof acceptable to the Purchaser agree (A) to indemnify and hold harmless the Purchaser, each affiliate designated by the Purchaser and each person who controls the Purchaser or such affiliate from and against any and all losses, claims, damages and liabilities arising from any untrue statement or alleged untrue statement of a material fact contained in any information with respect to the Seller, its affiliate, its business or the Mortgage Loans (the "Seller Information") in the related offering documents, including collateral term sheets and computational materials, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (B) if such indemnification were not available, to contribute to such losses, claims, damages and liabilities in proportion to their relative benefit and fault, in which case relative benefit for the Seller, and the persons related thereto, will be measured relative to the Purchase Price and the relative benefit of the Purchaser and the persons related thereto, will be measured relative to the underwriting discount received in connection with the securitization, and (iv) perform all other things reasonably required for securitization. Morgan Stanley will reimburse to the Seller up to $10,000 of the Seller's out-of-pocket expenses incurred in connection with a securitization of the Mortgage Loans by Morgan Stanley.